

Chief, DDI Management Staff
Room 2F28, Headquarters

Associate Deputy Director
for Intelligence
Room 7E44, Headquarters

FYI. Monthly Progress Report on RAPID.

Director, Foreign Broadcast Information
Service

1 mar 76

Attachment: Memo for D/FBIS from [redacted]
(C/Automation Task Force), Subj: RAPID
System Status Report - 19 February 1976,
dtd 27 Feb 76.

27 FEB 1976

MEMORANDUM FOR: Director, FBIS

SUBJECT : RAPID System Status Report -- 19 February 1976

1. After several weeks of intensive review by members of the RAPID team, including consultation with O/Logistics and OJCS personnel, I am recommending that we grant the contractor, [] its request to extend completion of the system to a new target date of 31 August 1977. Through O/Logistics, the contract would be renegotiated to include provision for tighter monitoring with precise milestones, hopefully to eliminate possibility of future slippage.

2. At the time [] submitted its request for a time extension, the company also presented a claim for [] to cover costs "resulting from specification changes in scope and/or additional impact caused by the government." We have subjected this claim to close scrutiny, and we believe the bulk of the claim to be baseless. We believe that the company staff, especially the former project leader who was replaced in December, has been fully responsible for all delays and that the company has presented its claim in order to obfuscate its own deficiencies.

3. In telephone conversations with the O/Logistics contracting officer, the company has agreed to defer formal action on its claim and has signaled its understanding that resolution might have to await adjudication. The company also indicated that it has sufficient financial backing to support the contract notwithstanding the claim for additional funding. The O/Logistics will pursue the claim action and will confer with the Office of General Counsel as necessary.

4. In renegotiating the contract, we shall endeavor to provide for stronger machinery to obviate the possibility of future slippage. We shall seek to apply stricter milestones, not only withholding funds unless satisfactory progress has been demonstrated but also providing for immediate termination on default grounds

should events so dictate. In connection with the current reappraisal, the company has reorganized its procedures for monitoring the project and to this end has employed a new senior contract administrator for such a position which was recently created. It has also revived two top management levels of control as part of its plan to complete the system.

5. We have engaged the consulting firm of [] comprising [] team with whom we have consulted several times in the past on this project. This time we concluded an open contract which will allow us to trouble-shoot with the [] without administrative delays. In addition, we have explored with the executive officer of OJCS for contracting monitor assistance from the new OJCS Special Projects Staff, the former OJCS SAFE staff whose members may be available for other system projects while SAFE funding efforts are under way.

6. Preparatory to reaching our decision to proceed with the [] contract, the RAPID team canvassed the industry to provide the basis for a reevaluation of the [] project. Returning to several of the companies that had been asked to bid on the original system proposal, the team found during visits to plants and newspaper installations that while these firms had successfully completed systems conceptually similar to RAPID they had no more experience in the unique elements of FBIS procedures than did [] at the time the contract was signed.

7. Concurrent with the technical analysis, we undertook a separate review of the financial picture, the conclusion of which coincides with the technical viewpoint. If we were to terminate the present contract, legally we might still have to settle the entire contract price of [] as part of a termination agreement, retrieving at best some of the Design Specifications and other documentation that might have limited value to another contractor. Some part of the total payment might revert to the Federal Treasury upon sale of certain equipment, but since the entire matter could only be settled by litigation we cannot even hypothesize how high a successful recovery action could reach. Extrapolating from bids to the original 1974 proposal, reprocurement from another vendor might now cost in the vicinity of [] but we are unable to obtain reliable cost estimates without contracting for individual design studies with prospective alternative vendors.

8. We did some probing into the implications of alternative means of terminating the contract, the financial implications of which are cited above. Procedurally there are two ways to terminate--for default and for convenience of the government. Under the former the contractor would be required to defray the cost of reprocurement from another company, with the government limited to expending the amount cited in the original contract. We believe that certain ambiguities in the contract and in dealings with the company could weaken our case for default, but we have not had a legal review of the record to support this assumption. Under the convenience route, the company could receive payment for expenses incurred but is required to "mitigate damages" by selling equipment and repaying funds realized to the Federal Treasury. In any case FBIS and the Agency would lose all funds expended plus most if not all the funds obligated, and even above this we could be liable to reimburse the company for costs cited in the claim presented on 13 February, if a litigation process were to find in favor of the claimant.

9. In our contract renegotiation action, we expect to press for several procedural matters that will tighten control during the remaining life of the contract and provide leverage should the company fail to meet milestone commitments. The following are among the provisions we shall suggest:

a. That failure on the part of the company to meet milestones shall provide prima facie evidence of default.

b. That [] parent company, [] should share some of the responsibility for the future status of the contract.

c. That the Agency has the right to engage outside consultants at any stage in the contract and [] must provide our consultants the same access as the Agency staff.

d. That the company must submit monthly reports in a timely manner.

e. That in submitting Design Specifications and other system documents, information must be contained in the proper documents.

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f. That [] must reconsider engaging the services of an independent sub-contractor specializing in communications software to review the system specifications for communications elements and interfaces. (If the company declines, we shall explore engaging such services ourselves under the provision of paragraph "c" above.)

g. That we be apprised of steps the company has taken to stem attrition among its RAPID team staff.

h. That we be consulted on any major changes in composition of the company's project team and in any company management change that would affect the RAPID project.

10. We also intend to press for certain technical matters, including the following:

a. That a very careful evaluation be made of basic system design elements affecting back-up, restart, off-line processing, system integrity, system response.

b. That consideration be given to redesign of the company's Text-Editing Terminal (CRT device), as follows:

1. To reengineer the terminal cabinet, screen and keyboard for improved user visibility and reduced eye fatigue.

2. To include the required repeat keys.

3. To provide unrestricted horizontal and vertical cursor tracking

c. That the company be required to justify the present cabling in [] which conflicts with the dimensions originally specified by the company.

d. That the company supply documented performance reliability data derived from other customers' installations, as required in the RFP.

e. That we resolve satisfactorily the matter of future system maintenance, provisions of which were detailed in the pre-contract RFP and in the contract.

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11. As soon as possible, we plan to detail the two FBIS system analysts-programmers to the [] plant to continue their assignment of working with company programmers in development of the system design and programming applications modules of the system. They will be detailed for 180 days initially, but we anticipate extending them through the end of February 1977 when in-plant pre-shipment system tests are to be conducted.

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[]
Chairman, Automation Task Force

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